

**OAK HARBOR SCHOOL DISTRICT No. 201**  
**Island County, Washington**  
**September 1, 1993 Through August 31, 1994**

---

**Schedule Of Federal Findings**

---

1. Chapter 1 Payroll Charges Should Be Supported By Complete Time And Effort Information

During our review of payroll costs charged against the Chapter 1 program, we noted that district officials were not in compliance with time and effort documentation requirements. Specifically, district officials require documentation be maintained for only the time spent in the classroom. The additional time spent working on the Chapter 1 program for items such as planning and conferences, was not identified with time and effort records.

The Office of Management and Budget (OMB) Circular A-87 states in part:

(10)(b) Amounts charged to grant programs for personal services, regardless of whether treated as direct or indirect costs, will be based on payrolls documented and provided in accordance with generally accepted practice of the State, local, or Indian tribal government. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages chargeable to more than one grant program or other cost objectives will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort.

In the absence of a system that meets the federal requirements, salary and benefits charged against the Chapter 1 program cannot be supported. Lack of complete and adequate documentation could result in inaccurate payroll costs charged against the Chapter 1 program.

We recommend that district officials maintain complete time and effort records which support the time actually worked by employees on the Chapter 1 grant.